Surge in food processing sector

559. SHRI JESUDASU SEELAM:
DR. T. SUBBARAMI REDDY:

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether attractive valuations, expected growth rate in the near future and Government's thrust on agriculture and agro-related business have all led to a surge in the food processing sector with some stocks of the sector appreciating upto 100 per cent in the past one month since 2nd May, 2005;

(b) whether market capitalization of this sector also witnessed a rise of almost 20 per cent in the last one month;

(c) whether highest rise was witnessed by industries that closed at Rs. 28.90 on 30th May, 2005, compared to Rs. 12.70 on 2nd May, 2005; and

(d) if so, the steps Government propose to take to meet food processing stocks which are on rise?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) Yes Sir, the Stock Exchange, Mumbai, (BSE) has informed that it does not have any index on food processing sector, and in the absence of the same the classification given by Capitaline has been used to categorise the companies under food processing sector. Based on the above classification there were 33 companies, which were traded on the Exchange during the month of May 2005 (in case the scrips is not traded on May 2nd, the price comparison is done with the earlier last trade price). Only one stock namely Aridhi Hi-tech, has risen by more than 100% during the period 2nd May 2005 to 31st May 2005 (*i.e.* from Rs. 5.80 to Rs. 13.72).

(b) Yes Sir. BSE has informed that the market capitalization of these 33 companies has risen by nearly 19.3% during the period between May 2 to May 21, 2005.

(c) Since the name of the company is not stated, it could not be verfied. However, there is only one company, which had recorded a price rise of more that 100% as given in reply to part (a) of this quesiton.

(d) The objective of the Government and the Securities and Exchange Board of India (SEBI) is to ensure that capital markets operate in an orderly, transparent, safe and fair manner. SEBI has taken several surveillance and risk management measures for protecting market safety and integrity. SEBI keeps under constant watch the developments in the capital markets in consultation with the stock exchange, depositories and other agencies for detecting and preventing any manipulation and taking deterrent action.

FDI in food processing sector

560. SHRI B.J. PANDA: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether it is a fact that Government propose to attract foreign investment in the food processing industry sector and propose to spend around Rs. 100 crore in mega food parks and offer 100 per cent FDI with income tax benefits;

(b) if so, the details thereof;

(c) the action plan of Government to provide impetus to the food processing sector;

(d) whether Government have worked out a National Food Processing Policy to address the challenges; and

(e) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) and (b) 100% FDI is already permitted in food processing sector except in food retailing, plantations and alcoholic beverages. As regards mega food parks the same is at conceptual stage. However financial assistance is provided @ 25% of project cost in general areas and @ 33.33% in difficult areas subject to a maximum of Rs.. 4.00 crore for setting up of food parks under infrastructure scheme.

(c) to (e) For giving boost to growth of food processing industries, the Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package